

## IN THE IOWA DISTRICT COURT FOR POLK COUNTY

STATE OF IOWA ex rel.  
THOMAS J. MILLER,  
ATTORNEY GENERAL OF IOWA

Plaintiff,

v.

SARBPREET M. SINGH,  
SANDEEP C. KAUR AND  
3S VENTURE, LLC, D/B/A  
SHOP N SAVE,

Defendants.

**EQUITY EQCE076419**

**CONSENT JUDGMENT**

This Court, recognizing that the State of Iowa, by Attorney General Thomas J. Miller and Assistant Attorneys General Benjamin E. Bellus and Nathan Blake, and the Defendants, Sarbpreet M. Singh, Sandeep C. Kaur and 3S Venture, represented by attorney Alfredo Parrish, have consented to the entry of this judgment, finds as follows:

1. The Court has jurisdiction over the parties and the subject matter of this litigation.
2. Venue is proper in Polk County.
3. Plaintiff is the State of Iowa, ex rel. Attorney General Thomas J. Miller, the duly elected Attorney General of Iowa. The Attorney General of Iowa is expressly authorized pursuant to Iowa Code § 714.16(7) and Iowa Code § 126.5(5) to file a civil action against any person who has engaged in a practice declared to be unlawful under Iowa Code § 714.16 and/or Iowa Code Chapter 126.
4. Defendant 3S Venture, LLC ("3S Venture") is an Iowa corporation incorporated in the state of Iowa for the purpose of selling petroleum products, groceries, tobacco, alcohol and other merchandise. At the times relevant to the transactions from which this suit arose, 3S Venture did

business under the name "Shop N Save" and the place of business for 3S Venture was 4685 NW 2nd Street, Des Moines, Iowa.

5. Defendant Sarbpreet M. Singh is an owner, operator and managing agent of 3S Venture while doing business under the name "Shop N Save." At the time relevant to the transactions from which this suit arose, the place of business for Sarbpreet M. Singh was 4685 NW 2nd Street, Des Moines, Iowa. Defendant Singh is named in his individual capacity as well as his past or present corporate capacities.

6. Defendant Singh formulated, directed, controlled, was a primary participant in, and had, or should have had, knowledge of the acts and practices of 3S Venture constituting the violations of Iowa law as alleged herein and, at all times relevant hereto, was an officer, director, owner, and/or agent of 3S Venture.

7. Defendant Sandeep C. Kaur is an owner, operator, president and managing agent of 3S Venture while doing business under the name "Shop N Save." At the time relevant to the transactions from which this suit arose, the place of business for Sandeep C. Kaur was 4685 NW 2nd Street, Des Moines, Iowa. Defendant Kaur is named in her individual capacity as well as her past or present corporate capacities.

8. Defendant Kaur formulated, directed, controlled, was a primary participant in, and had, or should have had, knowledge of the acts and practices of 3S Venture constituting the violations of Iowa law as alleged herein and, at all times relevant hereto, was an officer, director, owner, and/or agent of 3S Venture.

9. Unless otherwise specified, the term "Defendants" as referred to herein shall mean and include Sarbpreet M. Singh, Sandeep C. Kaur and 3S Venture, LLC; as well as any corporate name or trade name under which they operated, or are operating, a business; and their representatives, agents, independent contractors, assigns, successors, or other business entities,

whose acts, practices or policies are or were directed, formulated or controlled by either Sarbpreet M. Singh, Sandeep C. Kaur or 3S Venture, LLC.

10. Unless otherwise specified, the term “drug” as referred to herein shall mean and include any of the following, but does not include a device:

- a. An article recognized as a drug in the official United States Pharmacopoeia National Formulary, official Homeopathic Pharmacopoeia of the United States, or any supplement to either document.
- b. An article intended for use in the diagnosis, cure, mitigation, treatment, or prevention of diseases in a human.
- c. An article, other than food, intended to affect the structure or any function of the body of a human.
- d. An article intended for use as a component of any articles specified in paragraphs "a", "b", or "c".<sup>1</sup>

11. Unless otherwise specified, the phrase “synthetic substance” as referred to herein shall mean and include the synthetic equivalent of a cannabinoid or a cathinone; or the synthetic equivalent of any other substance that can be ingested, injected, inhaled or otherwise introduced into the human body for mind-altering purposes such as stimulation, sedation, hallucination or euphoria. Examples of a “synthetic substance” include, but are not limited to the merchandise found in the Shop N Save labeled as “Scooby Snax”, “OMG”, “Stardust”, “7H”, “Kush” and “Caution.”

12. In the petition, the State alleged that Defendants violated the Iowa Drugs, Devices and Cosmetics Act (Iowa Code Chapter 126) in a manner that included, but was not limited to, the following:

- a. Holding, offering for sale, intending to sell, or selling a “drug” where the packaging or labeling did not display all, or in some cases any, of the information required by Iowa Code Chapter 126 such as the business address and the name of the manufacturer, packer or distributor. Iowa Code § 126.10(1)(b)(1)(a).

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<sup>1</sup> Iowa Code § 126.2(8).



- b. Holding, offering for sale, intending to sell, or selling a “drug” where the packaging or labeling did not display an accurate statement of the quantity of the contents of the packages in terms of weight, measure, or numerical count. Iowa Code § 126.10(1)(b)(1)(b).
- c. Holding, offering for sale, intending to sell, or selling a “drug” where the packaging or labeling failed to prominently place information required by Iowa Code Chapter 126 with conspicuousness as compared with other words, statements, designs, or devices in the labeling as to render the information likely to be read and understood by the ordinary individual under customary conditions of purchase and use; and/or the language required by Iowa Code Chapter 126 was not expressed in such terms as to render the information likely to be read and understood by the ordinary individual under customary conditions of purchase and use. Iowa Code § 126.10(1)(b)(1)(c).
- d. Holding, offering for sale, intending to sell, or selling a “drug” where the packaging or labeling did not provide adequate directions for consumers to use the merchandise as a drug, which was the purpose for which Defendants held, offered for sale, intended to be offered for sale, or sold the merchandise. Iowa Code § 126.10(1)(f)(1)(a).
- e. Holding, offering for sale, intending to sell, or selling a “drug” where the packaging or labeling did not provide adequate warnings against use in those pathological conditions, or by children, where the use of the synthetic substances might be dangerous to health; nor did the packaging or labeling provide adequate warning against unsafe dosage or methods or durations of administration or application, in the manner and form necessary for the protection of users. Iowa Code § 126.10(1)(f)(1)(b).
- f. Holding, offering for sale, intending to sell, or selling a “drug” where the packaging or labeling were made, formed, or filled as to be misleading. Iowa Code § 126.10(1)(i)(1).
- g. Holding, offering for sale, intending to sell, or selling a “drug” that was packaged or labeled as an imitation of another drug. Iowa Code § 126.10(1)(i)(2).
- h. Holding, offering for sale, intending to sell, or selling a “drug” under the name of another drug. Iowa Code § 126.10(1)(i)(3).
- i. Holding, offering for sale, intending to sell, selling, or giving away a “new drug” when no application with respect to the new drug was approved under section 505 of the federal Food, Drug and Cosmetic Act.<sup>2</sup> Iowa Code § 126.12(1).

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<sup>2</sup> 21 U.S.C. § 301 et seq.

13. In the petition, the State also alleged that Defendants violated the Iowa Consumer Fraud Act (Iowa Code § 714.16) in a manner that included, but was not limited to, the following:

- a. Each violation of the Iowa Drugs, Devices and Cosmetics Act (Iowa Code Chapter 126) constituted a violation of the Iowa Consumer Fraud Act. Iowa Code §126.5(5).
- b. Offering for sale or selling synthetic substances to consumers for the purpose of ingestion, injection, inhalation or any other means of introduction into the human body and, either directly or by implication, leading consumers to falsely believe that the ingestion or inhalation of the synthetic substances was safe when Defendants knew, or should reasonably have known, that the consumers intended to ingest or inhale them.
- c. Offering for sale or selling synthetic substances to consumers for the purpose of ingestion, injection, inhalation or any other means of introduction into the human body but failing to disclose the ingredients of the synthetic substances to consumers with enough specificity so that consumers could make an informed decision as to the use of the merchandise and/or adequately inform emergency medical workers of the ingredients should the consumers have an adverse reaction to the merchandise.
- d. Offering for sale or selling synthetic substances to consumers for the purpose of ingestion, injection, inhalation or any other means of introduction into the human body when the package or label contained words and/or images which stated, implied or otherwise indicated that the package contained substances other than the synthetic substance or possessed attributes of a substance other than the synthetic substance actually contained in the package.
- e. Offering for sale or selling synthetic substances for ingestion or inhalation even though the packages for the synthetic substances stated that the merchandise was not to be consumed by humans.
- f. Offering for sale or selling merchandise which, when used in the manner anticipated by Defendants, was dangerous to the health and safety of the consumers.
- g. Encouraging the dangerous misuse of the merchandise offered for sale or sold by the Defendants by advising consumers as to the means to misuse the merchandise and/or offering for sale or selling the accessories involved in the ingestion or inhalation of the synthetic substances.

14. Defendants waive their right to a judicial or administrative hearing on any issue of fact or law set forth in the petition filed by the State herein.



15. It is in the public interest that permanent injunctive relief be issued herein to protect the people of the State of Iowa from any further injury or losses from any similar conduct by the Defendants in Iowa in the future.

16. The undersigned, Sandeep C. Kaur, hereby represents that she has the legal authority to bind Defendant 3S Venture, LLC to the terms and provisions of this Consent Judgment.

17. Defendants' agreement to entry of this Consent Judgment shall not be construed as an admission on the part of Defendants of any liability whatsoever in conveyance of the issues, transactions, or occurrences that are the subject of these civil proceedings or any criminal proceedings; and also for any revenue or taxation issues, if any.

WHEREFORE, IT IS ORDERED, ADJUDGED AND DECREED that, pursuant to Iowa Code § 714.16(7):

A. Defendants Sarbreeth M. Singh, Sandeep C. Kaur and 3S Venture; their partners, officers, employees, agents, successors, and all other persons, corporations or other entities controlled by the Defendants, acting in concert with the Defendants or participating with the Defendants, who have actual or constructive notice of the Court's injunction are hereby permanently enjoined from:

1. Committing any violation of the Iowa Drugs, Devices and Cosmetics Act (Iowa Code Chapter 126) in a manner including, but not limited to, the activities listed in paragraph 12 above;
2. Committing any violation of the Iowa Consumer Fraud Act (Iowa Code § 714.16) in a manner including, but not limited to, the activities listed in paragraph 13 above; except that Defendants may offer for sale or sell merchandise which may adversely affect the health or safety of the consumers when used in the manner anticipated by Defendants, but only when the sale of that specific merchandise, in that specific form, is regulated by state or federal laws and Defendants operate within full compliance with the relevant state and federal laws;<sup>3</sup>

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<sup>3</sup> Examples of such regulated merchandise include tobacco or alcohol.

3. Committing any violation of local, state or federal labeling requirements;  
or
4. Holding, offering for sale, intending to sell, or selling any "synthetic substances".

B. Pursuant to Iowa Code § 714.16(7), the Court may impose a civil penalty of not more than \$5,000 for each day of intentional violation of this Consent Judgment in addition to any other remedy allowed by law, including but not limited, to punishment for contempt pursuant to Iowa Code Chapter 665.

C. Judgment is hereby entered against the Defendants, jointly and severally, in favor of the State in the amount of \$50,000; together with interest at the statutory rate of 2.13% from the date of judgment entry. However, the State will not claim interest unless Defendants default on payment or make late payment pursuant to subparagraph C (2) below. Pursuant to Iowa Code § 714.16(7), said judgment shall be used by the State for the administration and implementation of Iowa Code § 714.16 or, at the sole discretion of the Attorney General, all or part of the judgment may be directed to programs managed by either the State or nonprofit organizations devoted to the prevention or treatment of substance abuse. The State agrees to refrain from executing on the judgment so long as Defendants pay the judgment in the following manner:

1. All payments shall be delivered in the form of certified checks or money orders to:  
  
Iowa Department of Justice  
Consumer Protection Division  
1305 East Walnut Street  
Des Moines, IA 50319
2. Defendants shall make an initial payment of \$1,389.00 on or before April 15, 2015; with subsequent installments of a minimum of \$1,389.00 to be paid on or before the 15th day of each following month until the judgment is paid in full. Payments shall be due on the 15<sup>th</sup> of each month and late if not received by the State by the 25<sup>th</sup> of the month in which payment is due.
3. Should Defendants fail to pay any installment on or before the date that it is due, Defendants shall be in default and the State of Iowa shall be free to execute on the

full remaining balance of the judgment, any additional judgment or award, or both in the event of a default.

4. Defendants may pre-pay the balance due at any time without penalty.
5. Because the State agreed to the installment plan based on Defendants' representations under oath as to their financial status at the time of the filing of this Judgment, the State may declare a default if it discovers that Defendants materially misstated their financial status or ability to pay, or attempted to avoid payment by transferring material assets within 90 days of the signing of this Consent Judgment. In such event, the State may execute on the full outstanding balance of the judgment(s) or, in its discretion, may alter the installment plan to reflect Defendants' actual ability to pay. The final decision to execute or to reasonably alter the payment amount is solely that of the State.

D. This Consent Judgment shall not bar the State or any other governmental entity from enforcing other laws or rules against Defendants relating to any of Defendants' practices, including those alleged in the petition.

E. This agreement is the entire agreement of the parties with respect to the subject matter thereof and any waiver or modification shall be in writing and signed by the party against whom enforcement is sought."

F. This Consent Judgment shall not be construed so as to affect the legal or equitable rights of any individual citizen to initiate court proceedings against Defendants and to obtain any relief authorized by law or regulation.

G. Defendants shall pay any and all court costs incurred in this action.


H. The Court reserves jurisdiction over this action in order to take any further action deemed necessary to enforce this Consent Judgment and to award the State judgment for any costs, including attorney's fees, it incurs in the event of noncompliance by Defendants. Such costs may include court costs in addition to those authorized by paragraph G above.



I. The mailing of a copy of this signed and filed Consent Judgment to Counsel for Defendants shall constitute notice and acceptance by Defendants of all the terms of this Judgment; Defendants have waived the necessity of having the Consent Judgment served upon them.

J. The State shall retain and dispose of all merchandise and other items impounded from the Defendants and now in the State's possession pursuant to the Amended Impound Order dated March 21, 2013.<sup>4</sup>

IT IS SO ORDERED this 20<sup>th</sup> day of January, 2015.

  
REBECCA GOODGAME EBINGER, JUDGE  
FIFTH JUDICIAL DISTRICT OF IOWA

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<sup>4</sup> *In re Sarbpreet Singh and Sandeep Kaur*, Polk County District Court (SPCE73640).

Agreed and approved as to form and content:

3S Venture, LLC

Date 1/16/15

Sandeep Kaur  
By: Sandeep C. Kaur, President and Owner  
of 3S Venture, LLC, Defendant

Subscribed and sworn to before me this 16 day of January, 2015.

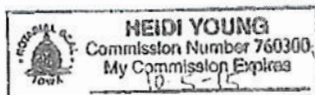


Heidi Young  
Notary Public in and for the State of Iowa

Date 1/16/15

Sandeep Kaur  
Sandeep C. Kaur, Individually  
Defendant

Subscribed and sworn to before me this 16 day of January, 2015.



Heidi Young  
Notary Public in and for the State of Iowa

Date 1/16/15

Sarbjit Singh  
Sarbjit M. Singh, Individually  
Defendant

Subscribed and sworn to before me this 16 day of January, 2015.



Heidi Young  
Notary Public in and for the State of Iowa

Date 1/16/2015

Alfredo Parrish  
Alfredo Parrish  
Attorney for Defendants

Date 1/16/15

Benjamin E. Bellus  
Benjamin E. Bellus  
Attorney for the State of Iowa

Date 1/16/15

Nathan Blake  
Nathan Blake  
Attorney for the State of Iowa

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ATTORNEY FOR DEFENDANTS

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Nathan Blake  
Assistant Attorneys General  
Consumer Protection Division  
1305 East Walnut Street  
Des Moines, IA 50319

ATTORNEYS FOR THE STATE OF IOWA





State of Iowa Courts

**Case Number**  
EQCE076419  
**Type:**

**Case Title**  
STATE OF IOWA EX REL VS SARBREET M SINGH, ET AL  
OTHER ORDER

So Ordered

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Rebecca Goodgame Ebinger, District Court Judge,  
Fifth Judicial District of Iowa

Electronically signed on 2015-01-20 13:14:09